

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 23, 2009**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**

Prepared by: John Weir

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**Applicant:** Housing Authority of the County of Santa Barbara

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**Contact Information:**

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**Phone:** (805)736-3423

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**Allocation Amount Requested:** \$20,000,000    **Converted MCC Authority:** \$5,000,000

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**Applicant's Fair Share Amount:** \$2,816,433    **Converted MCC Authority:** \$704,108

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**Participating Jurisdictions:**

Cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, Solvang, and the County of Santa Barbara.

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**Allocation Information:**

**Date MCCs will be advertised:** July 24, 2009  
**Expected issue date of first MCC:** October 31, 2009  
**Program Status:** Existing  
**Certificate tax credit rate:** 20%

**Type of housing units to be assisted/average mortgage amount:**

New construction units: 4 units (24%) with an average mortgage amount of \$250,000  
Existing resale units: 11 units (76%) with an average mortgage amount of \$240,000  
Total units: 15 units with an average mortgage amount of \$242,410

**The above numbers of units are:**  Estimates  
 Actual requirements imposed by the Issuer

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**Past Performance:**

The application indicates the applicant met the 2008 minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract.

The application indicates the applicant expects to meet the 2009 minimum performance requirement that at least **40%** of program participants will be lower-income households.

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**Recommendation:**

Staff recommends that the Committee approve a reduced amount of \$2,816,433 in tax-exempt bond allocation to the Housing Authority of the County of Santa Barbara for the Mortgage Credit Certificate Program. This is the Applicant's 2009 fair share amount.

**DESCRIPTION OF PROPOSED PROGRAM:**

- **Population to be served by the proposed Program (family size, income levels, etc.):**  
According to the Applicant, the proposed Program expects to serve all ethnic groups and family sizes including seniors and former public housing residents and Section 8 participants. The population to be served is expected to be for 40% of the households at or below 80% of the median income adjusted by household size.
  
- **Estimated number of first-time homebuyers to be assisted:**      15
  
- **Housing stock to be purchased (types, unit sizes, etc):**  
According to the Applicant, the housing stock to be purchased varies by geography. In the northern portion of the county, the housing stock tends to consist of mostly 3 or 4 bedrooms/2 bath units ranging from 1200 to 1900 sf. In the southern portion, most homes purchased are condominiums ranging from 700 to 1300 sf. Purchase prices range from \$200,000 to \$300,000.
  
- **Specific reservations of MCCs for purposed such as low-income targeting, new construction, etc.:**  
According to the Applicant, the program will reserve 20% of the certificates for federally designated target areas and 40% of the MCCs for families with incomes at or below 80% of the area median income adjusted for family size. Although no specific reservation will be made for new construction, developer-subsidized homes are given deference for housing mitigation requirements.
  
- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**  
According to the Applicant, MCCs are expected to be available for 12 months and the anticipated monthly rate of issuance is just over 12 MCCs per month.
  
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**  
According to the Applicant, other assistance programs offered include a First Time Homebuyer assistnace program that features deferred 3% interest loans up to \$10,000 for closing costs, HOME funds, and "in lieu" housing fees used for development of affordable homeownership housing and BMR units restricted to First Time Homebuyers.
  
- **Additional features unique to the proposed Program:**  
None indicated.

**PURCHASE PRICE INFORMATION:**

The proposed maximum limits are:

Unit Type	Average Area Purchase Price*	Non-Target Area Max Purchase Price	Target Area Max Purchase Price
New Units	\$ 640,244	\$ 576,220	\$ 704,268
Existing Units	\$ 640,244	\$ 576,220	\$ 704,268

\*This is established by (check one):       IRS Safe Harbor limitations  
 As determined by special survey  
 Cal HFA Sales Price limits (High Cost Area only)

**Expected average sales prices of the estimated units to be assisted:**

New Units	\$ 310,000
Existing Units	\$ 300,000

**MAXIMUM INCOME LIMITATIONS:**

**Area median income on which maximum program limits are based:** \$70,400

**Applicable standard that defines the area median income:**

  x   HUD statewide median                           HUD county MSA median

     Local median as determined by a special study

**Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s):** 20%

**Proposed maximum income limits:**

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$ 70,400	\$ 84,480
3+ persons	\$ 80,960	\$ 97,152

**DESCRIPTION OF PUBLIC BENEFITS:**

**Past Program Performance:**

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2006	\$ 0	\$ 0	0	\$ 0
2007	\$ 0	\$ 0	0	\$ 0
2008	\$ 2,817,290	\$ 2,807,404	15	\$ 2,472

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., the Applicant has:

- 1 Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
- 2 Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.